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February 28, 2013

Connecticut General Assembly
Commerce Committee
Room 110, Capitol Building
Hartford, CT 06106

**Re: HB 6468 & SB 942 - Transparency and Accountability in Economic
Development**

Senator LeBeau, Representative Perone, and Members of the Commerce
Committee:

My name is Matt O'Connor, and I am the Connecticut District Political Director for Local 32BJ, SEIU. We are a union of property service workers, with more than 125,000 members on the east coast. Our district includes 4,500 members who are building cleaners, security officers, and food service workers here in Connecticut.

I am submitting this testimony in opposition to House Bill 6468 and Senate Bill 942, in the interest of improving the use of taxpayer dollars in Connecticut. The state invests a substantial amount of public funds in businesses. In fiscal year 2011 alone, the state had over \$260 million in economic development expenditures. This is no small amount.

We can all agree that when it comes to investing taxpayer dollars, transparency, accountability and oversight must not be undermined. However, H.B. 6468 and S.B. 942 would do just that. These bills would remove high performance work practice requirements and reduce legislative oversight of state financial assistance disbursement. These are important good governance measures attached to the economic development funds that companies receive from the state.

These measures need to be strengthened, not weakened. Companies receiving state subsidies should be accountable to their investors—the taxpayers. They should be held to standards that will improve outcomes and lead to a high return on investment. To help ensure this, state economic development funds should be administered through a transparent, state-led process that holds recipients to a high, but fair, standard.

More, not less, transparency is needed to ensure state business assistance dollars benefit taxpayers and create good jobs. Not only should we have reasonably high performance standards, but service contractors that benefit from state business assistance funds should also be accountable for creating family-sustaining jobs here in Connecticut.

The public's tax dollars should never be used to subsidize poverty-level jobs. But unfortunately, that is exactly what happens when companies that receive state

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economic development funds hire contractors that pay poverty-level wages to their workers.

This is not good for workers and this is not good for Connecticut's economy. When working people are paid decent wages, their spending goes back into the local economy—and that's what economic development is supposed to be about. We need legislation that moves us in this direction.

This is why we need to pass House Bill 5756—the “Good Jobs” bill. It levels the playing field by requiring that contractors hired by economic development recipients pay baseline wages and provide basic benefits to their employees.

In order to accomplish this objective, the bill extends Connecticut's “Standard Wage Law” to companies contracted to provide services in buildings whose owners and tenants benefit from state business assistance funds. The law already covers most service contractors to the State of Connecticut, and has helped raise thousands of families out of poverty.

Rather than clawback good governance measures—as proposed in H.B. 6468, and S.B. 942—the state should promote the transparent, accountable and responsible use of taxpayer dollars. The “Good Jobs” bill is a good place to start. H.B. 5756 is scheduled for a vote in the Labor and Public Employees Committee today and represents one way to ensure that taxpayer dollars go toward creating more of the kinds of good jobs working men and women need to support their families.

Thank you for your attention to this matter and for taking the time to read my testimony.

In Solidarity,

Matt O'Connor

Connecticut District Political Director

Local 32BJ, SEIU